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TO: (Name, office symbol, room number, building, Agency/Post)		19 MAR 1985
1. EO/DDA	Initials	Date
2. ADDA	Bew	19-3
3. DDA		19 MAR 1985
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REMARKS

Harry. I'm glad you
got them to add
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4.

Mr. Fitzwater:

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**EXECUTIVE SECRETARIAT
ROUTING SLIP**

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X		
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3	EXDIR		X		
4	D/ICS		X		
5	DDI		X		
6	DDA		X		
7	DDO		X		
8	DDS&T		X		
9	Chm/NIC				
10	GC		X		
11	IG		X		
12	Compt		X		
13	D/Pers		X		
14	D/OLL		X		
15	D/PAO		X		
16	SA/IA				
17	AO/DCI				
18	C/IPD/OIS				
19	NIO				
20	ES		X		
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SUSPENSE		Date			

Remarks

Orig to Mr. Stockman.
1 to Dr. Keel.

Executive Secretary
18 Mar 85

Date

3637 (10-81)

Central Intelligence Agency



Washington, D.C. 20505

Executive Registry

85- 1102

DD/A Registry

85-0197/22

18 March 1985

The Honorable David A. Stockman
 Director, Office of Management and Budget
 Executive Office Building
 Washington, D.C. 20503

100-13

Dear Dave:

I am pleased with your recognition that the special overseas mission of CIA justifies continuation of eligibility for retirement with full benefits at age 50 for employees in the CIA Retirement and Disability System (CIARDs). However, the special requirements and mission of CIA involve all of our employees in a number of ways unique in the government. This legislatively mandated special status for CIA and its impact on all our people is the basis for a personnel system here different than any other agency -- from recruitment to retirement. That system and the mission of the Agency also requires the continuation of age 55 eligibility for full retirement benefits for those employees not qualified for CIARDs. This concern pertains both to the Administration's proposal for retirement reform and to possible supplemental legislation this year.

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There is ample legislative precedent for differentiating CIA from the Federal Civil Service. The Congress has provided the Director of Central Intelligence with special authorities with respect to personnel in order to accomplish CIA's unique mission. These authorities have no counterpart in the Federal government. DCIs have elected over the years to follow Civil Service practices when they meet CIA's needs. However, while a five-year difference in retirement age (between those in CIARDs and those not qualifying) is manageable, a 15-year difference would be severely damaging to our ability to meet our personnel requirements and to fulfill our mission. Because of Congress's recognition over the years of CIA's unique status and personnel needs, and for the additional reasons cited below, I believe our exemption from the change in non-CIARDs retirement age is justifiable and would not set any kind of precedent for other government organizations.

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The Honorable David A. Stockman
Director, Office of Management and Budget

Of the President's retirement proposals, there is no problem for CIA in freezing the COLA, sick leave forfeiture or in changing the formula for computing benefits (from high-three to high-five). However, I firmly believe that deferring retirement age to 65 for non-CIARDs employees would be destructive of the organization and the capabilities we have developed here. In short, while CIA can and should participate in those aspects of retirement reform that will produce immediate financial benefit, we seek exemption from a change in the age of eligibility -- which would not produce any financial relief for many years but would have an immediate and destructive impact on CIA's ability to carry out its mission. 25X1

In establishing CIA, Congress recognized the Agency's special personnel needs and the unique nature of the careers it would have to offer and the demands it would have to make. The 1949 CIA Act and subsequent legislation acknowledged the need for, and established, a CIA personnel system independent of the Civil Service to allow:

- intrusive personal investigation of applicants unparalleled in government;
- repeated security checks, including polygraphing, throughout a career;
- the need to foster 30 year commitment for career management as well as security reasons;
- severe limits on outside activities and personal lifestyle, even after departure or retirement from CIA;
- compensation for the dangers of overseas travel and service;
- both voluntary and involuntary attrition to ensure the utmost responsiveness, vigor and skill of the work force;
- the assignment of any employee at any time to physically demanding and stressful tasks anywhere in the world; and
- recruitment of individuals with special skills who could anticipate a second career when burnt out for CIA needs. 25X1

Presidents and Congresses repeatedly since 1949 have reaffirmed the differentiation of CIA's personnel system -- and all its employees -- from the Federal Civil Service in recognition of the Agency's special mission. For example:

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- The Congress granted the Agency special personnel authorities, including special termination authority, special hiring and pay authority, authority to pay death gratuities, authority to give additional classes of incentive awards, and to fix minimum and maximum age requirements for Agency employment.
- CIA was exempted from Civil Service Reform Act of 1978 which allowed creation of federal employee unions, established certain prohibited personnel practices and created Senior Executive Service system.
- CIA was exempted from the Drug Abuse Office and Treatment Act of 1972, which forbade denial of employment to former drug users.
- CIA was exempted from Federal Advisory Committee Act of 1972.
- CIA was exempted from Federal Employees Part-Time Career Employment of 1978.

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To understand fully why all CIA employees should retain earlier eligibility for retirement, you need to know more about the indivisibility of the Agency -- that special requirements are made on all employees, not just the clandestine service or those who qualify for CIARDs.

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Overseas Duty

Employment at CIA means work overseas, whether qualified for CIARDs or not.

- Only of CIA employees currently serving overseas have qualified for CIARDs; the remaining are covered under the Civil Service Retirement System (CSRS). Unlike members of the Foreign Service, all of whom are eligible for early retirement benefits from the moment they begin their careers, CIA employees must earn their way into CIARDs by serving five years overseas. Given our policy of rotating people in and out of the Washington area and sensitive domestic assignments, it takes time for employees to earn the five year credit. Obviously some never do, which explains why, in this overseas oriented organization, only of the staff is in CIARDs.

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Director, Office of Management and Budget

- Nearly [] of the officers in our clandestine service presently have not qualified for CIARDs and are under the Civil Service Retirement System (CSRS). 25X1
- CIA has over [] employees who have served abroad but have not yet qualified for CIARDs. 25X1
- [] 25X1
- Intelligence analysts responsible for interpreting foreign developments are going overseas in increasing numbers in direct response to both Congressional and Administrative mandates. In 1985, more than [] analysts will travel and work overseas. [] 25X1
[] 25X1
- Agency scientists and engineers are also going overseas in increasing numbers on important temporary duty. We have had more than [] high tech specialists serve in a highly sensitive project under the most primitive conditions in a remote corner [] They are separated from their families for prolonged periods. None have earned CIARDs membership. Many of those who served [] never qualified for CIARDs. 25X1
[] 25X1
- In addition to the obvious employment stresses overseas for which CIARDs was legislated, there are many other classes of Agency personnel whose duties in the United States are physically and emotionally demanding, and for whom the Agency traditionally fostered an early retirement -- age 55. [] 25X1
[] 25X1

Stress and Danger

Overseas service is becoming more dangerous for all Americans, but especially for employees of CIA. The mortality figures for our people are grim.

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- Since the early [] 188 Agency employees have died serving abroad. Only [] were CIARDs qualified. 25X1
- We have 50 gold stars in our entry foyer honoring our colleagues who died from hostile action or while participating in highly dangerous Agency activities. Only [] were CIARDs qualified. 25X1
- One of the two most senior CIA officers slain in hostile action overseas was the director of a headquarters analytical office.
- After age 50, nearly 50% of all our employees are not eligible for full service medical clearance.
- In addition to the clinical health hazards of worldwide service, Agency personnel are confronted with psychological stresses which over the long haul extract a health toll just as great.
- Our employees traveling and working overseas suffer not only frequent family disruption, but also civil disorder, constant tension borne of awareness of the terrorist threat, and exceptionally high local crime rates. This is all magnified by the requirement that our people -- case officers, technicians and analysts -- frequent remote areas and endure primitive conditions in the countryside. [] 25X1

Special Skills

The risk of loss to the Agency of high tech, engineering, economic, computer and other scarce skills -- people who are particularly well qualified for jobs in private industry, -- would be particularly dangerous to our national interest. [] 25X1

These are the people:

- whose research in the U-2 program provided the medical basis on which NASA later built its space survival knowledge;
- whose imagination and energy created the program which brought the first photographic satellite back from space;
- whose creativity in high performance aircraft design was used by Boeing when planning the SST;

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Director, Office of Management and Budget

- whose determination built and launched the largest antenna in space;
- who have built advanced computer systems with capabilities and applications unique in the world;
- who have built the world's most sophisticated space-based reconnaissance vehicles;
- and who have done all these tasks at or below budget and on schedule. [redacted]

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Can we expect these people or their successors to accept a career of 35 or 40 years? They won't do it and we'll be confronted with two unacceptable realities. The best in the mid level career range (age 35-40) will leave while they can still start a second career rather than face an additional 10 years in government duty. Newer employees will join us with the intent to stay a short time, get their tickets punched and then move back into industry. That represents a security nightmare. In short order, large numbers of people who were privy to some of our most sensitive information will be spread all around the country beyond our security ethic. [redacted]

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The Central Intelligence Agency works because we are able to offer people an attractive career track which, while it demands much, allows them to leave early enough to pursue second careers if they so choose. The Director of Central Intelligence, to fulfill his obligations, needs a personnel system which allows for a healthy flow-through of staff. Such a system now exists. It should not be changed. [redacted]

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A Single Agency

CIA is a single and indivisible Agency with a single culture and ethic. Agency employees understand and accept a two-tiered retirement policy which provides some the privilege of retiring five years earlier because they know the grueling hardships of a prolonged overseas career. None could, or indeed should, understand a rationale which would call for a 15 year spread between those in CIARDs and the majority performing similar work outside CIARDs. Such a situation would shatter the existing Agency culture and risk polarizing a work force which to be effective must work as a team. [redacted]

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The problems of a two-tiered work force with a dramatic disparity between the two groups last arose in 1968. In response to such a proposal, the DCI at the time affirmed that:

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"Attempts to formulate criteria of differentiation would generate new problems of morale and administration. The creation of exempt categories of employees would foster odious comparisons. It would thwart the implementation of the general retirement policy indefinitely as groups and individuals pleaded their individual cases.

"The more fundamental reason for not exempting certain categories of Agency employees is that the work of the Agency must be performed with utmost responsiveness. This requires a general state of mind on the part of all employees that timeliness is critical, accuracy is imperative, and absorption with the task at hand takes priority over personal distractions. Advancing years inevitably bring about a lessening of work vigor and enthusiasm. The larger the proportion of older employees, the greater the debilitating effect on the tenor of the Agency."

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Cost

Because the underlying motive for changes in the retirement system is to save money, I would make one further observation. Surveys of our employees and of scores of university placement directors make clear that turnover in our work force would increase dramatically with age 65 retirement inasmuch as the kind of people we must seek and hire would not remain here for a career ending at that age. While I have addressed the security and performance implications of such turnover, you should know that this would result in significant added costs -- probably three to five times present expenditures -- for recruitment and security investigations. These costs would largely offset any savings of later retirement.

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All CIA employees must make many sacrifices unique in either the public or private sectors. They have no job security. They must be available for duty wherever in the world I deem they can be best used. In their overseas work, they face real and increasing dangers. Their families are disrupted. They burn out younger than their contemporaries elsewhere. Successive Presidents and Congresses have recognized these special problems by differentiating CIA from the Federal Civil Service from recruitment to retirement. The basic need and rationale for this still prevail.

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William J. Casey
Director of Central Intelligence